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REPORT

CD NO.

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COUNTRY Indonesia

SUBJECT Economic - Cooperative

HOW PUBLISHED Weekly periodical

WHERE PUBLISHED Batavia

DATE PUBLISHED December 1948

LANGUAGE Dutch

DATE OF INFORMATION 1948

DATE DIST. 18 March 1949

NO. OF PAGES 2

SUPPLEMENT TO
REPORT NO.

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SOURCE Economisch Weekblad, Special Christmas Number, 1948. (Information requested.)

GROWTH OF COOPERATIVES IN INDONESIA

The term "cooperatives" as used here apparently means all types of business organizations more complex than single proprietorship.

Recently the Indonesian desire for economic independence has grown considerably, which is an encouraging sign. Since the war, the Indonesians have begun to organize types of enterprises which until then had been fairly unknown to them. The thought behind the new types of organization was that more could be accomplished by a combination of forces than could be done by independent individuals.

A number of business combinations have been organized, such as the joint stock company, the partnership, the IMA, etc. The government will have to encourage these new types of business to give them the opportunity to get a successful start. The Diensat voor Cooperatie en Binnenlandse Handel (Service for Cooperation and Domestic Trade), a section of the Department of Economic Affairs, was established to give aid and information to Indonesian merchants and to entrepreneurs. Therefore, it is within the duties of this office to stimulate the Indonesian attempt at economic independence and to lead it along the right paths.

It has been found that Indonesian merchants and businessmen were limited in their activities, mainly because they did not have sufficient experience to know how to expand their business. This lack of business ability seriously hinders the activities of the AVB (Algemeen Volkswediet Bank, Peoples Credit Bank). The AVB and other banking and credit establishments are not permitted to extend credit to persons lacking business experience. However, these small businessmen are just the ones who need credit.

The Service for Cooperation and Domestic Trade establishes personal contact with the person desiring information and attempts to win his confidence. Assistance given by this service includes advice on organization and administration, instructions in developing better production methods, and help in gaining market information. These instructions tend to promote the Indonesian middle class, the backbone of industry. Indonesian middle class societies have already been

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established in Batavia, Soerabaja, Semarang, Bandoeng, and Buitenzorg.

When the Service for Cooperation and Domestic Trade resumed activity after the war, it encountered considerable difficulties since the Japanese had used the existing cooperatives as central buying stations for the Japanese Army. In addition, most of the cooperatives suffered heavy losses during recent years.

To give the main cooperatives an opportunity to rehabilitate, subsidies have been granted to centers of cooperatives, such as the city of Bandoeng, Priangan, Garoet, Tasikmalaja, and Malang.

The very favorable results of the batik cooperative Mitra Batik in Tasikmalaja is a strong incentive to rehabilitation of this enterprise.

The establishment of fishing cooperatives have been promoted along the coasts. The Perikanan Pulau Seribu Corporation at Pasar Ikan has been granted recognition as a juridical person and the fishing cooperatives at Pelaboean Batoe and Tjilatjap show signs of a prosperous future. Upon request of the Daerah of West Borneo, an official of the Service for Cooperation and Domestic Trade has been dispatched to Pontianak to prepare the organization of a fishing cooperative there.

In the Pasarocean sector, intensive small scale industries are employing thousands of people. The products of metal workers, cabinet makers, dog cart and tjikar (primitive cart) builders, and the goldsmiths are well known. Before the war, work was done in a cooperative organization, but during the occupation this system was disrupted. The rehabilitation of these industries is assisted by the RB (Binnenlandse Bestuur, Interior Government), the BIH (Bureau van Industrieel Herstel, Bureau for Industrial Rehabilitation), the AVB, and the Forest Service.

Industries that are at present being investigated are the straw-hat enterprises in Tangerang, the brick and tile factories at Tjikarang and along the Brantas in the Soerabaja sector, the pottery enterprises at Plerot and the various cottage industries in the Banjoemas sector.

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